



## Hawaii Association of Health Plans

January 31, 2011

The Honorable Robert N. Herkes, Chair  
The Honorable Ryan Yamane, Vice Chair  
House Committee on Consumer Protection and Commerce

**Re: HB 751 – Relating to Insurance Fraud**

Dear Chair Herkes, Vice Chair Yamane and Members of the Committee:

My name is Howard Lee and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of eight (8) member organizations:

AlohaCare  
Hawaii Medical Assurance Association  
HMSA  
Hawaii-Western Management Group, Inc.

Kaiser Permanente  
MDX Hawai‘i  
University Health Alliance  
UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

HAHP appreciates the opportunity to testify in opposition to HB 751 which would require individuals and health plans to provide fraud information to the Insurance Fraud Investigations Branch (Branch) if they believe that fraud will or is being committed.

Health plans across the state understand the importance of working closely with regulators when it comes to dealing with fraud. Fraud affects all stakeholders within the system and the work done to identify it is not taken lightly. HAHP supported the Insurance Division’s six year effort to pass legislation giving the Division responsibility for fraud oversight.

On the surface, the language of HB 751 seems to have good intentions but would increase the reporting of meritless fraud to the Branch. In particular, we object to the language in Section 2 (a) of the bill stating “...is being *or will be committed*...” Not having to demonstrate any evidence proving fraud and only needing to have a “reasonable belief” that fraud may be committed in the future would result in wasted time and effort by all parties. Many times what may seem to be fraud, or activities which may be believed to be fraud, turns out to be innocent mistakes.

- AlohaCare • HMAA • HMSA • HWMG • Kaiser Permanente • MDX Hawaii • UHA • UnitedHealthcare •  
HAHP c/o Howard Lee, UHA, 700 Bishop Street, Suite 300 Honolulu 96813  
[www.hahp.org](http://www.hahp.org)

The current statute, Section 431: 2-409 already contains a mandatory fraud reporting provision when there is "credible information" that there is a violation. We do not believe that there are any issues with the way that fraud is currently being reported. Implementation of the language contained in HB 751 may serve to decrease the Branch's ability to investigate "real" instances of fraud if they are required to also investigate "possible fraud in the future" as well.

Due to our concerns regarding this measure, we would respectfully request that the Committee see fit to hold this measure. Thank you for the opportunity to testify today.

Sincerely,



Howard Lee  
President